

November 5, 2007

To Members of the House Finance Committee:

The State's far-reaching tax measure imposing a six percent tax on specific service industries creates a devastating setback for the State's travel agency community. The only way to rectify this wrongful action is to repeal the tax completely and as soon as possible.

Passageways Travel Service is the largest travel management company in Michigan. With headquarters in Traverse City, we have offices in Escanaba, Sault Ste. Marie, Alpena, Gaylord, Midland, Winn, Whitehall, Mt. Pleasant, Bay City, East Lansing, Grand Ledge, Rochester, Auburn Hills and Novi with plans for further expansion in the State subject to the outcome of this service tax. Today we provide travel management services to major companies, universities, hospitals and the State of Michigan through our 15 locations employing 134 people statewide and providing hosting opportunities to another 100 individuals in the State.

The service tax legislation passed on October 1, 2007 presents an insurmountable financial burden to the travel agency industry in this State. With extremely low margins and global competition, travel agents in the State of Michigan would be singularly burdened by this tax making it impossible to compete with agencies worldwide doing business in the State.

My concern is specific and reflects the realities of the global travel industry today. **How would the State of Michigan be able to monitor and apply this tax to travel agency businesses throughout the world?** Without universal application of this tax, the travel businesses in Michigan would be at a distinct disadvantage having to absorb this additional cost in order to stay competitive. The results would be catastrophic and many agencies, including Passageways, may have no choice but to cease doing business in the State in order to stay competitive.

The impact of this tax on the State of Michigan is also catastrophic in other ways as the loss of travel agencies would mean the loss of jobs and the loss of tourists and convention business in the State. Businesses and individuals alike would seek sources outside of Michigan for travel services in order to avoid this tax. With the loss of travel agencies that would actively sell convention services in Michigan and the prospect of an additional (and uncompetitive) 6% tax on the services required to manage functions, Michigan would experience a drop in this business as well. The loss of convention business would further exacerbate the State's current economic crisis. The loss of tourists would be equally devastating.

Today, I petition you to carefully reconsider your actions of October 1, 2007. Repeal this ill-conceived tax before Michigan suffers further economic damage through the loss of jobs, the loss of tourism and the loss of income tax revenue.

I count on the wisdom of this committee to actively pursue an alternative revenue source or expense reducing solution for the State that does not eliminate such an important and valued industry in Michigan.

Respectfully,

THOMAS G. MCINTYRE

Thomas G. McIntyre
Chairman and CEO